

806 KAR 12:110. Merged gender mortality tables for life insurance.

RELATES TO: KRS 304.12-085, 304.15-342

STATUTORY AUTHORITY: KRS Chapter 13A, 304.2-110, 304.15-342

NECESSITY, FUNCTION, AND CONFORMITY: KRS 304.2-110 provides that the Executive Director of Insurance may make reasonable regulations necessary for or as an aid to the effectuation of any provision of the Kentucky Insurance Code. KRS 304.15-342 establishes the use of the 1980 CSO and 1980 CET Tables of Mortality, and provides that any ordinary mortality tables adopted after 1980 by the National Association of Insurance Commissioners (NAIC) may be approved for use in Kentucky by administrative regulation promulgated by the executive director. The NAIC has adopted certain modifications of the 1980 CSO and 1980 CET tables of mortality for use where necessary. This administrative regulation permits individual life insurance policies to provide the same cash surrender values and paid-up nonforfeiture benefits to both men and women.

Section 1. Definitions. As used in this administrative regulation:

(1) "1980 CSO Table, with or without Ten (10) Year Select Mortality Factor" means that mortality table, consisting of separate rates of mortality for male and female lives, developed by the Society of Actuaries Committee to Recommend New Mortality Tables for Valuation of Standard Individual Ordinary Life Insurance, incorporated in the 1980 NAIC Amendments to the Model Standard Valuation Law and Standard Nonforfeiture Law for Life Insurance, and referred to in those models as the Commissioners 1980 Standard Ordinary Mortality Table, with or without Ten (10) Year Select Mortality Factors.

(2) "1980 CSO Table (M), with or without Ten (10) Year Select Mortality Factors" means that mortality table consisting of the rates of mortality for male lives from the 1980 CSO Table, with or without Ten (10) Year Select Mortality Factors.

(3) "1980 CSO Table (F), with or without Ten (10) Year Select Mortality Factors" means that mortality table consisting of the rates of mortality for female lives from the 1980 CSO Table, with or without Ten (10) Year Select Mortality Factors.

(4) "1980 CET Table" means that mortality table consisting of separate rates of mortality for male and female lives, developed by the Society of Actuaries Committee to Recommend New Mortality Tables for Valuation of Standard Individual Ordinary Life Insurance, incorporated in the 1980 NAIC Amendments to the Model Standard Valuation Law and Standard Nonforfeiture Law for Life Insurance, and referred to in those models as the Commissioners 1980 Extended Term Insurance Table.

(5) "1980 CET Table (M)" means that mortality table consisting of the rates of mortality for male lives from the 1980 CET Table.

(6) "1980 CET Table (F)" means that mortality table consisting of the rates of mortality for female lives from the 1980 CET Table.

Section 2. General Rule. (1) For any policy of insurance on the life of either a male or female insured delivered or issued for delivery in this state after the effective date of KRS 304.15-342 for that policy form:

(a) A mortality table which is a blend of the 1980 CSO Table (M) and the 1980 CSO Table (F) with or without Ten (10) Year Select Mortality Factors may at the option of the company be substituted for the 1980 CSO Table, with or without Ten (10) Year Select Mortality Factors; and

(b) A mortality table which is of the same blend as used in paragraph (a) of this subsection but applied to form a blend of the 1980 CET Table (M) and the 1980 CET Table (F) may at the option of the company be substituted for the 1980 CET Table for use in determining minimum cash surrender values and amounts of paid-up nonforfeiture benefits.

(2) Only the following blended tables as have been adopted by the NAIC may be so used and this

administrative regulation formally approves those tables for use in this state.

(a) 100 percent male, zero percent female for tables to be designated as the "1980 CSO-A" and "1980 CET-A" tables.

(b) Eighty (80) percent male, twenty (20) percent female for tables to be designated as the "1980 CSO-B" and "1980 CET-B" tables.

(c) Sixty (60) percent male, forty (40) percent female for tables to be designated as the "1980 CSO-C" and "1980 CET-C" tables.

(d) Fifty (50) percent male, fifty (50) percent female for tables to be designated as the "1980 CSO-D" and "1980 CET-D" tables.

(e) Forty (40) percent male, sixty (60) percent female for tables to be designated as the "1980 CSO-E" and "1980 CET-E" tables.

(f) Twenty (20) percent male, eighty (80) percent female for tables to be designated as the "1980 CSO-F" and "1980 CET-F" tables.

(g) Zero percent male, 100 percent female for tables to be designated as the "1980 CET-G" tables. Tables (a) and (g) are not to be used with respect to policies issued on or after January 1, 1985, except where the proportion of persons insured is anticipated to be ninety (90) percent or more of one (1) sex or the other or except for certain policies converted from group insurance. Such group conversions issued on or after January 1, 1986, must use Mortality Tables based on the blend of lives by sex expected for such policies if such group conversions are considered as extensions of the Norris decision. This consideration has not been clearly defined by judicial or legislative action in all jurisdictions.

(3) No change in minimum valuation standards is implied by this administrative regulation.

Section 3. Unfair Discrimination. (1) It shall not be a violation of KRS 304.12-085 for an insurer to issue the same kind of policy of life insurance on both a sex distinct and sex neutral basis. However, each such insurer shall establish prior to issue of any such policies which are to be so offered the conditions under which each type will be marketed. Such conditions, together with sufficient information to establish that an unfairly discriminatory condition will not be created, shall be filed with the executive director for his approval.

(2) It shall, however, be a violation of KRS 304.12-085 to substitute the 1980 CSO Table (M) or 1980 CET Table (M) with ages set back (as permitted with the 1958 CSO Table) for the 1980 CSO Table (F) or 1980 CET Table (F).

Section 4. Severability. If any provision of this administrative regulation or the application thereof to any person or circumstance is for any reason held to be invalid, the remainder of the regulation and the application of such provision to other persons or circumstances shall not be affected thereby.

Section 5. Effective Date. This administrative regulation shall become effective upon completion of its review pursuant to KRS Chapter 13A. (11 Ky.R. 683; eff. 11-13-84; 13 Ky.R. 2107; eff. 8-5-87; TAm eff. 8-9-2007; Crt eff. 2-26-2020.)